

SECURITIES INDUSTRY COUNCIL
(“SIC” OR THE “COUNCIL”)
PRACTICE STATEMENT ON TWO-TIER OFFERS

Introduction

Note 2 on Rule 10 of the Singapore Code on Take-overs and Mergers advises that a two-tier offer that offers to pay a higher offer price should a certain level of acceptances be reached is permitted if the higher offer price is payable to all accepting shareholders.

Daily disclosure of acceptance level

2 For such a two-tier offer, the acceptance level will determine the offer price payable which will in turn influence shareholders’ decision whether to accept the offer, sell their shares on the market or hold on to their shares. Hence, Council is of the view that information on the level of acceptances received should be disclosed to shareholders regularly after certain thresholds have been crossed during the offer period.

3 An offeror making a two-tier offer should make **daily** disclosure of the level of acceptances from the earlier of:

- (a) five trading days prior to the first closing date or any subsequent closing date; or

- (b) the offeror receiving such level of acceptances that is the arithmetic average¹ of 50% and the level of acceptances necessary to trigger the higher offer price.

4 Such daily disclosure need not be made after the level of acceptances necessary to trigger the higher offer price has been reached and announced by the offeror.

5 For example, if Offeror A proposes to offer \$X for 50% acceptance and \$(X + a) for 75% or more acceptance, Offeror A is required to make daily disclosure of the level of acceptances from the earlier of:

- (a) five trading days prior to the first closing date or any subsequent closing date; or
- (b) the 62%² acceptance level is reached.

Practice Statements are issued by the SIC to provide informal guidance to companies involved in take-overs and practitioners as to how the SIC normally interprets and applies relevant provisions of the Code in certain circumstances. Practice Statements do not form part of the Code. Accordingly, they are not binding on the SIC and are not a substitute for consulting the SIC to establish how the Code applies in a particular case.

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¹ If such figure is not a whole number, round that figure down to the next whole number.

² 62% is $(50\% + 75\%)/2 = 62.5\%$ rounded down to the next whole number.